

01399

1991/05/28

May 28, 1981

CONFIDENTIAL

ERASE

PRC: PRICES OF KEY MATERIALS RAISED

State-set prices for within-plan sales of steel products and cement were hiked sharply earlier this year, according to press reports. Steel product prices were increased 25-55%, approaching domestic "free" market prices; official and free market prices of cement were unified by jumping the state price 40%.

Comment: These corrective price adjustments may be cited as "reformist,"

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Fixed prices of other producer goods probably will be adjusted gradually upwards so long as inflation remains below two digits.
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